1	IMPACT FEES AMENDMENTS
2	2008 GENERAL SESSION
3	STATE OF UTAH
4	Chief Sponsor: Michael T. Morley
5	Senate Sponsor: Gregory S. Bell
6	
7	LONG TITLE
8	General Description:
9	This bill modifies provisions relating to impact fees.
10	Highlighted Provisions:
11	This bill:
12	 expands a requirement for a capital facilities plan to include private water providers
13	that impose impact fees;
14	removes language limiting application of a capital facilities plan notice requirement
15	to land within a county of the first or second class;
16	 requires certain notices to be given to certain private construction and real estate
17	entities;
18	modifies a provision requiring notice to be given of a local political subdivision's
19	independent capital facilities plan;
20	 expands a provision requiring an impact fee analysis with respect to the imposition
21	of impact fees to apply to private water providers;
22	 requires notice to be provided before a local political subdivision or private water
23	provider may prepare or contract to prepare the required impact fee analysis;
24	 modifies a provision that requires a copy of an impact fee enactment to be available
25	to the public and that requires notice of the impact fee enactment;
26	 requires impact fee enactments to allow a developer to receive a credit or

proportionate reimbursement of an impact fee for land, improvements, or



28	construction that the developer is required to provide in excess of requirements for the project;
29	 includes private water providers in other impact fee provisions;
30	 prohibits an impact fee enactment from taking effect until 90 days after it is enacted;
31	and
32	makes technical changes.
33	Monies Appropriated in this Bill:
34	None
35	Other Special Clauses:
36	None
37	Utah Code Sections Affected:
38	AMENDS:
39	11-36-102, as last amended by Laws of Utah 2007, Chapter 329
40	11-36-201, as last amended by Laws of Utah 2007, Chapter 329
41	11-36-202, as last amended by Laws of Utah 2007, Chapter 329
42	
43	Be it enacted by the Legislature of the state of Utah:
44	Section 1. Section 11-36-102 is amended to read:
45	11-36-102. Definitions.
46	As used in this chapter:
47	(1) "Building permit fee" means the fees charged to enforce the uniform codes adopted
48	pursuant to Title 58, Chapter 56, Utah Uniform Building Standards Act, that are not greater
49	than the fees indicated in the appendix to the International Building Code.
50	(2) "Capital facilities plan" means the plan required by Section 11-36-201.
51	(3) "Development activity" means any construction or expansion of a building,
52	structure, or use, any change in use of a building or structure, or any changes in the use of land
53	that creates additional demand and need for public facilities.
54	(4) "Development approval" means any written authorization from a local political
55	subdivision that authorizes the commencement of development activity.
56	(5) "Enactment" means:
57	(a) a municipal ordinance, for [municipalities] a municipality;
58	(b) a county ordinance, for [counties] a county; and

(c) a governing board resolution, for <u>a</u> local [districts or] <u>districts</u>, special service [districts] district, or private entity.

- (6) "Hookup fees" means reasonable fees, not in excess of the approximate average costs to the political subdivision, for services provided for and directly attributable to the connection to utility services, including gas, water, sewer, power, or other municipal, county, local district, or special service district utility services.
- (7) (a) "Impact fee" means a payment of money imposed upon development activity as a condition of development approval.
- (b) "Impact fee" does not mean a tax, a special assessment, a building permit fee, a hookup fee, a fee for project improvements, or other reasonable permit or application fee.
- (8) (a) "Local political subdivision" means a county, a municipality, a local district under Title 17B, Limited Purpose Local Government Entities Local Districts, or a special service district under Title 17A, Chapter 2, Part 13, Utah Special Service District Act.
- (b) "Local political subdivision" does not mean <u>a</u> school [districts] district, whose impact fee activity is governed by Section 53A-20-100.5.
- (9) "Private entity" means an entity with private ownership that provides culinary water that is required to be used as a condition of development.
 - (10) (a) "Project improvements" means site improvements and facilities that are:
- (i) planned and designed to provide service for development resulting from a development activity; and
- (ii) necessary for the use and convenience of the occupants or users of development resulting from a development activity.
 - (b) "Project improvements" does not mean system improvements.
- (11) "Proportionate share" means the cost of public facility improvements that are roughly proportionate and reasonably related to the service demands and needs of any development activity.
- (12) "Public facilities" means only the following capital facilities that have a life expectancy of ten or more years and are owned or operated by or on behalf of a local political subdivision or private entity:
 - (a) water rights and water supply, treatment, and distribution facilities;
- (b) wastewater collection and treatment facilities;

90	(c) storm water, drainage, and flood control facilities;
91	(d) municipal power facilities;
92	(e) roadway facilities;
93	(f) parks, recreation facilities, open space, and trails; and
94	(g) public safety facilities.
95	(13) (a) "Public safety facility" means:
96	(i) a building constructed or leased to house police, fire, or other public safety entities;
97	or
98	(ii) a fire suppression vehicle with a ladder reach of at least 75 feet, costing in excess of
99	\$1,250,000, that is necessary for fire suppression in commercial areas with one or more
100	buildings at least five stories high.
101	(b) "Public safety facility" does not mean a jail, prison, or other place of involuntary
102	incarceration.
103	(14) (a) "Roadway facilities" means streets or roads that have been designated on an
104	officially adopted subdivision plat, roadway plan, or general plan of a political subdivision,
105	together with all necessary appurtenances.
106	(b) "Roadway facilities" includes associated improvements to federal or state roadways
107	only when the associated improvements:
108	(i) are necessitated by the new development; and
109	(ii) are not funded by the state or federal government.
110	(c) "Roadway facilities" does not mean federal or state roadways.
111	(15) (a) "Service area" means a geographic area designated by a local political
112	subdivision on the basis of sound planning or engineering principles in which a defined set of
113	public facilities provide service within the area.
114	(b) "Service area" may include the entire local political subdivision.
115	(16) (a) "System improvements" means:
116	(i) existing public facilities that are designed to provide services to service areas within
117	the community at large; and
118	(ii) future public facilities identified in a capital facilities plan that are intended to
119	provide services to service areas within the community at large.
120	(b) "System improvements" does not mean project improvements.

121	Section 2. Section 11-36-201 is amended to read:
122	11-36-201. Impact fees Analysis Capital facilities plan Notice of plan
123	Summary Exemptions.
124	(1) (a) Each local political subdivision and private entity shall comply with the
125	requirements of this chapter before establishing or modifying any impact fee.
126	(b) A local political subdivision may not:
127	(i) establish any new impact fees that are not authorized by this chapter; or
128	(ii) impose or charge any other fees as a condition of development approval unless
129	those fees are a reasonable charge for the service provided.
130	(c) Notwithstanding any other requirements of this chapter, each local political
131	subdivision shall ensure that each existing impact fee that is charged for any public facility not
132	authorized by Subsection 11-36-102(12) is repealed by July 1, 1995.
133	(d) (i) Existing impact fees that a local political subdivision charges for public facilities
134	authorized in Subsection 11-36-102(12) [that are charged by local political subdivisions] need
135	not comply with the requirements of this chapter until July 1, 1997.
136	(ii) By July 1, 1997, each local political subdivision shall:
137	(A) review any impact fees in existence as of the effective date of this act, and prepare
138	and approve the analysis required by this section for each of those impact fees; and
139	(B) ensure that the impact fees comply with the requirements of this chapter.
140	(2) (a) Before imposing impact fees, each local political subdivision [shall] and private
141	entity shall, except as provided in Subsection (2)(f), prepare a capital facilities plan.
142	(b) (i) As used in this Subsection (2)(b):
143	(A) (I) "Affected entity" means each county, municipality, local district under Title
144	17B, Limited Purpose Local Government Entities - Local Districts, special service district
145	under Title 17A, Chapter 2, Part 13, Utah Special Service District Act, school district,
146	interlocal cooperation entity established under Chapter 13, Interlocal Cooperation Act, and
147	specified public utility:
148	(Aa) whose services or facilities are likely to require expansion or significant
149	modification because of the facilities proposed in the proposed capital facilities plan; or
150	(Bb) that has filed with the local political subdivision or private entity a copy of the
151	general or long-range plan of the county, municipality, local district, special service district,

152	school district, interlocal cooperation entity, or specified public utility.
153	(II) "Affected entity" does not include the local political subdivision or private entity
154	that is required under this Subsection (2) to provide notice.
155	(B) "Specified public utility" means an electrical corporation, gas corporation, or
156	telephone corporation, as those terms are defined in Section 54-2-1.
157	(ii) Before preparing a capital facilities plan [for facilities proposed on land located
158	within a county of the first or second class], each local political subdivision and each private
159	entity shall provide written notice, as provided in this Subsection (2)(b), of its intent to prepare
160	a capital facilities plan.
161	(iii) Each notice under Subsection (2)(b)(ii) shall:
162	(A) indicate that the local political subdivision or private entity intends to prepare a
163	capital facilities plan;
164	(B) describe or provide a map of the geographic area where the proposed capital
165	facilities will be located;
166	(C) be sent to:
167	(I) each county in whose unincorporated area and each municipality in whose
168	boundaries is located the land on which the proposed facilities will be located;
169	(II) each affected entity;
170	(III) the Automated Geographic Reference Center created in Section 63F-1-506;
171	(IV) the association of governments, established pursuant to an interlocal agreement
172	under Title 11, Chapter 13, Interlocal Cooperation Act, in which the facilities are proposed to
173	be located; [and]
174	(V) the state planning coordinator appointed under Section 63-38d-202; [and]
175	(VI) the registered agent of the Utah Home Builders Association;
176	(VII) the registered agent of the Utah Association of Realtors; and
177	(VIII) the registered agent of the Utah Chapter of the Associated General Contractors
178	of America; and
179	(D) with respect to the notice to <u>an</u> affected [entities] entity, invite the affected
180	[entities] entity to provide information for the local political subdivision or private entity to

consider in the process of preparing, adopting, and implementing a capital facilities plan

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concerning:

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183	(I) impacts that the facilities proposed in the capital facilities plan may have on the
184	affected entity; and
185	(II) facilities or uses of land that the affected entity is planning or considering that may
186	conflict with the facilities proposed in the capital facilities plan.
187	(c) The plan shall identify:
188	(i) demands placed upon existing public facilities by new development activity; and
189	(ii) the proposed means by which the local political subdivision will meet those
190	demands.
191	(d) [Municipalities and counties] A municipality or county need not prepare a separate
192	capital facilities plan if the general plan required by [Sections] Section 10-9a-401 [and] or
193	17-27a-401, respectively, contains the elements required by Subsection (2)(c).
194	(e) (i) If a local political subdivision [prepares] chooses to prepare an independent
195	capital facilities plan rather than [including] include a capital facilities element in the general
196	plan, the local political subdivision shall[-,]:
197	(A) before preparing or contracting to prepare the independent capital facilities plan,
198	send written notice:
199	<u>(I) to:</u>
200	(Aa) the registered agent of the Utah Home Builders Association;
201	(Bb) the registered agent of the Utah Association of Realtors; and
202	(Cc) the registered agent of the Utah Chapter of the Associated General Contractors of
203	America;
204	(II) stating the local political subdivision's intent to prepare a capital facilities plan; and
205	(III) inviting each of the notice recipients to participate in the preparation of the capital
206	facilities plan; and
207	(B) before adopting the capital facilities plan:
208	[(A)] (I) give public notice of the plan according to [this] Subsection (2)(e)[;
209	(B)](ii)(A), (B), or (C), as the case may be, at least 14 days before the date of the public
210	hearing[:];
211	[(f)] (II) make a copy of the plan, together with a summary designed to be understood
212	by a lay person, available to the public; [and]
213	[(H)] (III) place a copy of the plan and summary in each public library within the local

214	political subdivision; and
215	[(C)] (IV) hold a public hearing to hear public comment on the plan.
216	(ii) With respect to the public notice required under Subsection (2)(e)(i)(B)(I):
217	[(ii) Municipalities] (A) each municipality shall comply with the notice and hearing
218	requirements of, and, except as provided in Subsection 11-36-401(4)(f), receive the protections
219	of Sections 10-9a-205 and 10-9a-801 and Subsection 10-9a-502(2)[-];
220	[(iii) Counties] (B) each county shall comply with the notice and hearing requirements
221	of, and, except as provided in Subsection 11-36-401(4)(f), receive the protections of Sections
222	17-27a-205 and 17-27a-801 and Subsection 17-27a-502(2)[- -]; and
223	[(iv) Local districts] (C) each local district, special service [districts] district, and
224	private [entities] entity shall comply with the notice and hearing requirements of, and receive
225	the protections of, Section 17B-1-111.
226	[(v)] (iii) Nothing contained in this Subsection (2)(e) or in the subsections referenced
227	in Subsections (2)(e)(ii)(A) and [(iii)] (B) may be construed to require involvement by a
228	planning commission in the capital facilities planning process.
229	(f) (i) [Local] A local political [subdivisions] subdivision with a population or serving
230	a population of less than 5,000 as of the last federal census need not comply with the capital
231	facilities plan requirements of this part, but shall ensure that:
232	(A) the impact fees [imposed by them] that the local political subdivision imposes are
233	based upon a reasonable plan[-]; and
234	(B) each applicable notice required by this chapter is given.
235	(ii) Subsection (2)(f)(i) does not apply to private entities.
236	(3) In preparing the plan, each local political subdivision shall generally consider all
237	revenue sources, including impact fees, to finance the impacts on system improvements.
238	(4) A local political subdivision or private entity may only impose impact fees on
239	development activities when its plan for financing system improvements establishes that
240	impact fees are necessary to achieve an equitable allocation to the costs borne in the past and to
241	be borne in the future, in comparison to the benefits already received and yet to be received.
242	(5) (a) [Each] Subject to the notice requirement of Subsection (5)(b), each local
243	political subdivision [imposing impact fees] and private entity intending to impose an impact
244	fee shall prepare a written analysis of each impact fee that:

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245	(i) identifies the impact on system improvements required by the development activity;
246	(ii) demonstrates how those impacts on system improvements are reasonably related to
247	the development activity;
248	(iii) estimates the proportionate share of the costs of impacts on system improvements
249	that are reasonably related to the new development activity; and
250	(iv) based upon those factors and the requirements of this chapter, identifies how the
251	impact fee was calculated.
252	(b) Before preparing or contracting to prepare the written analysis required under
253	Subsection (5)(a), each local political subdivision or private entity shall provide:
254	(i) public notice; and
255	(ii) written notice:
256	(A) to:
257	(I) the registered agent of the Utah Home Builders Association;
258	(II) the registered agent of the Utah Association of Realtors; and
259	(III) the registered agent of the Utah Chapter of the Associated General Contractors of
260	America:
261	(B) indicating the local political subdivision or private entity's intent to prepare or
262	contract to prepare a written analysis of an impact fee; and
263	(C) inviting each notice recipient to participate in the preparation of the written
264	analysis.
265	[(b)] (c) In analyzing whether or not the proportionate share of the costs of public
266	facilities are reasonably related to the new development activity, the local political subdivision
267	or private entity, as the case may be, shall identify, if applicable:
268	(i) the cost of existing public facilities;
269	(ii) the manner of financing existing public facilities, such as user charges, special
270	assessments, bonded indebtedness, general taxes, or federal grants;
271	(iii) the relative extent to which the newly developed properties and [the] other
272	properties [in the municipality] have already contributed to the cost of existing public facilities,
273	by such means as user charges, special assessments, or payment from the proceeds of general
274	taxes;
275	(iv) the relative extent to which the newly developed properties and [the] other

properties [in the municipality] will contribute to the cost of existing public facilities in the future;

- (v) the extent to which the newly developed properties are entitled to a credit because the [municipality is requiring their] local political subdivision or private entity, as the case may be, requires its developers or owners, by contractual arrangement or otherwise, to provide common facilities, inside or outside the proposed development, that have been provided by the [municipality] local political subdivision or private entity, respectively, and financed through general taxation or other means, apart from user charges, in other parts of the [municipality] service area;
 - (vi) extraordinary costs, if any, in servicing the newly developed properties; and
- (vii) the time-price differential inherent in fair comparisons of amounts paid at different times.
- [(c)] (d) Each local political subdivision and private entity that prepares a written analysis under this Subsection (5) on or after July 1, 2000 shall also prepare a summary of the written analysis, designed to be understood by a lay person.
- (6) Each local political subdivision that adopts an impact fee enactment under Section 11-36-202 on or after July 1, 2000 shall, at least 14 days before adopting the enactment, submit [to each public library within the local political subdivision: (a)] a copy of the written analysis required by Subsection (5)(a)[;] and [(b)] a copy of the summary required by Subsection (5)[(c).](d) to:
 - (a) each public library within the local political subdivision;
 - (b) the registered agent of the Utah Home Builders Association;
 - (c) the registered agent of the Utah Association of Realtors; and
- 299 (d) the registered agent of the Utah Chapter of the Associated General Contractors of 300 America.
 - (7) Nothing in this chapter may be construed to repeal or otherwise eliminate any impact fee in effect on the effective date of this chapter that is pledged as a source of revenues to pay bonded indebtedness that was incurred before the effective date of this chapter.
 - Section 3. Section 11-36-202 is amended to read:
- 305 11-36-202. Impact fees -- Enactment -- Required provisions.
- 306 (1) (a) Each local political subdivision <u>and private entity</u> wishing to impose impact fees

307	shall pass an impact fee enactment.
308	(b) The impact fee imposed by that enactment may not exceed the highest fee justified
309	by the impact fee analysis performed pursuant to Section 11-36-201.
310	(c) In calculating the impact fee, [each] a local political subdivision or private entity
311	may include:
312	(i) the construction contract price;
313	(ii) the cost of acquiring land, improvements, materials, and fixtures;
314	(iii) the cost for planning, surveying, and engineering fees for services provided for and
315	directly related to the construction of the system improvements; and
316	(iv) debt service charges, if the political subdivision might use impact fees as a revenue
317	stream to pay the principal and interest on bonds, notes, or other obligations issued to finance
318	the costs of the system improvements.
319	(d) In calculating an impact fee, a local political subdivision may not include an
320	expense for overhead unless the expense is calculated pursuant to a methodology that is
321	consistent with:
322	(i) generally accepted cost accounting practices; and
323	(ii) the methodological standards set forth by the federal Office of Management and
324	Budget for federal grant reimbursement.
325	(e) In calculating an impact fee, each local political subdivision shall base amounts
326	calculated under Subsection (1)(c) on realistic estimates, and the assumptions underlying those
327	estimates shall be disclosed in the impact fee analysis.
328	(f) [In enacting] Each local political subdivision and private entity that intends to enact
329	an impact fee enactment shall:
330	[(i) municipalities shall:]
331	(i) at least 14 days before the date of the public hearing:
332	(A) make a copy of the impact fee enactment available to the public [at least 14 days
333	before the date of the public hearing]; and
334	(B) mail a written copy of the impact fee enactment to:
335	(I) the registered agent of the Utah Home Builders Association;
336	(II) the registered agent of the Utah Association of Realtors; and
337	(III) the registered agent of the Utah Chapter of the Associated General Contractors of

338	America; and
339	[(B)] (ii) (A) for a municipality, comply with the notice and hearing requirements of,
340	and, except as provided in Subsection 11-36-401(4)(f), receive the protections of Sections
341	10-9a-205 and 10-9a-801;
342	[(ii) counties shall:]
343	[(A) make a copy of the impact fee enactment available to the public at least 14 days
344	before the date of the public hearing; and]
345	(B) for a county, comply with the notice and hearing requirements of, and, except as
346	provided in Subsection 11-36-401(4)(f), receive the protections of Sections 17-27a-205 and
347	17-27a-801; and
348	[(iii) local districts and special service districts shall:]
349	[(A) make a copy of the impact fee enactment available to the public at least 14 days
350	before the date of the public hearing; and]
351	[(B)] (C) for a local district or special service district, comply with the notice and
352	hearing requirements of, and receive the protections of, Section 17B-1-111.
353	(g) Nothing contained in Subsection (1)(f) [or in the subsections referenced in
354	Subsections (1)(f)(i)(B) and (ii)(B)] may be construed to require involvement by a planning
355	commission in the impact fee enactment process.
356	(2) The local political subdivision or private entity shall ensure that the impact fee
357	enactment:
358	(a) contains:
359	[(a)] (i) a provision establishing one or more service areas within which [it shall
360	calculate and impose] the local political subdivision or private entity calculates and imposes
361	impact fees for various land use categories;
362	[(b) either:]
363	[(ii) (A) a schedule of impact fees for each type of development activity that
364	specifies the amount of the impact fee to be imposed for each type of system improvement; or
365	[(ii)] (B) the formula that the local political subdivision or private entity, as the case
366	may be, will use to calculate each impact fee;
367	[(c)] (iii) a provision authorizing the local political subdivision or private entity, as the
368	case may be, to adjust the standard impact fee at the time the fee is charged to:

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369	[(i)] (A) respond to unusual circumstances in specific cases; and
370	[(ii)] (B) ensure that the impact fees are imposed fairly; and
371	[(d)] (iv) a provision governing calculation of the amount of the impact fee to be
372	imposed on a particular development that permits adjustment of the amount of the fee based
373	upon studies and data submitted by the developer[-]; and
374	(b) allows a developer to receive a credit against or proportionate reimbursement of an
375	impact fee if:
376	(i) the developer is required by the local political subdivision, as a condition of
377	development activity approval, to:
378	(A) dedicate land for a system improvement;
379	(B) improve a system improvement; or
380	(C) provide new construction for a system improvement;
381	(ii) the system improvement is included in the impact fee analysis; and
382	(iii) the land, improvement, or new construction provides a system improvement that
383	exceeds the requirements for the project.
384	(3) [The] \underline{A} local political subdivision or private entity may include a provision in [the]
385	an impact fee enactment that:
386	(a) exempts low income housing and other development activities with broad public
387	purposes from impact fees and establishes one or more sources of funds other than impact fees
388	to pay for that development activity;
389	(b) imposes an impact fee for public facility costs previously incurred by a local
390	political subdivision or private entity, as the case may be, to the extent that new growth and
391	development will be served by the previously constructed improvement; and
392	(c) allows a credit against impact fees for any dedication of land for, improvement to,
393	or new construction of, any system improvements provided by the developer if the facilities:
394	(i) are identified in the capital facilities plan; and
395	(ii) are required by the local political subdivision as a condition of approving the
396	development activity.
397	(4) Except as provided in Subsection (3)(b), the local political subdivision may not
398	impose an impact fee to cure deficiencies in public facilities serving existing development.
399	(5) Notwithstanding the requirements and prohibitions of this chapter, a local political

+00	subdivision may impose and assess an impact fee for environmental intigation when:
401	(a) the local political subdivision has formally agreed to fund a Habitat Conservation
402	Plan to resolve conflicts with the Endangered Species Act of 1973, 16 U.S.C. Sec 1531, et seq.
403	or other state or federal environmental law or regulation;
404	(b) the impact fee bears a reasonable relationship to the environmental mitigation
405	required by the Habitat Conservation Plan; and
406	(c) the legislative body of the local political subdivision adopts an ordinance or
407	resolution:
408	(i) declaring that an impact fee is required to finance the Habitat Conservation Plan;
409	(ii) establishing periodic sunset dates for the impact fee; and
410	(iii) requiring the legislative body to:
411	(A) review the impact fee on those sunset dates;
412	(B) determine whether or not the impact fee is still required to finance the Habitat
413	Conservation Plan; and
414	(C) affirmatively reauthorize the impact fee if the legislative body finds that the impact
415	fee must remain in effect.
416	(6) Each political subdivision shall ensure that any existing impact fee for
417	environmental mitigation meets the requirements of Subsection (5) by July 1, 1995.
418	(7) Notwithstanding any other provision of this chapter:
419	(a) a municipality imposing impact fees to fund fire trucks as of the effective date of
420	this act may impose impact fees for fire trucks until July 1, 1997; and
421	(b) an impact fee to pay for a public safety facility that is a fire suppression vehicle
422	may not be imposed with respect to land that has a zoning designation other than commercial.
423	(8) Notwithstanding any other provision of this chapter, a local political subdivision
124	may impose and collect impact fees on behalf of a school district if authorized by Section
125	53A-20-100.5.
126	(9) An impact fee enactment may not take effect until 90 days after it is enacted.

Legislative Review Note as of 1-23-08 6:52 AM

Office of Legislative Research and General Counsel

H.B. 153 - Impact Fees Amendments

Fiscal Note

2008 General Session State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.

1/30/2008, 8:21:30 AM, Lead Analyst: Wilko, A.

Office of the Legislative Fiscal Analyst